

**WESTCHESTER JOINT WATER WORKS**  
**Board of Trustees Meeting**  
**Tuesday, April 2, 2019 at 3:30 p.m.**

The meeting was called to order at 3:35 p.m. with the following members present:

Present:

- Trustees: Nancy Seligson, Ron Belmont, Tom Murphy (left meeting at 4:45 p.m.)
- Paul Kutzy, Manager
- Lori Lee Dickson, General Counsel
- David Birdsall, Business Director
- Terry O'Neill, General Superintendent

**Approval of Minutes**

Trustee Belmont made a motion to approve the minutes of the March 19, 2019 Board Meeting. Trustee Murphy seconded the motion, all in favor:

Trustee Seligson	“aye”
Trustee Belmont	“aye”
Trustee Murphy	“aye”

**Financial Reports and Approvals**

The Business Director reviewed bank balances and presented the claims to the Board highlighting the first installments of 2018 income disbursements to the member municipalities and other significant items:

- Approval of Claims: Trustee Belmont made a motion to approve the 142 claims in the amount of \$1,546,051. Trustee Murphy seconded the motion, all in favor:

Trustee Seligson	“aye”
Trustee Belmont	“aye”
Trustee Murphy	“aye”

The Business Director reviewed the 2018 provisional results again with the Board and noted that net income (excluding accruals for potential fines expected to not be imposed) was above budget due to the following factors:

- Settlement received from Con Ed related to the 2012 break of the Shaft 22 transmission main in Eastchester;
- Settlement received related to a tax certiorari case with our outside retail districts concerning taxation of water infrastructure;

- Actual expenses were lower than budget in 2018 due to: NYC not raising its water rates as anticipated; the WJWW union contract not being settled and an underspend on a number of projects and equipment due to shifting priorities/schedules that will carryover to 2019.

The Business Director went on to review the increase in WJWW's working capital reserve (\$650,000) which is needed to address fluctuations in cash levels due to the timing of outlays and reimbursements related to capital projects and to help address any unplanned costs, such as any residual fines that may be imposed.

The net result of the higher net income (excluding non-filtration fine accruals) and the increase in the working capital reserve will be higher than anticipated distributions to member water funds during 2019.

The proposed distributions of 2018 WJWW income in 2019 to members is approximately \$3.9 million dollars (WJWW net income, excluding potential fines expected to not be imposed, of \$4.9 million less the increase in working capital reserves of \$650 thousand less 2018 transfers to member tax levies of \$306 thousand). This distribution of 2018 net income exceeds the budgeted amount by approximately \$1.4 million and will result in additional member water fund reserves providing members with additional flexibility with respect to funding of water related capital projects and/or setting of water rates.

The Business Director provided a detailed review of the 2019 budget, discussing various assumptions related to revenues, expenses and projects. Among the highlights:

- The Budget assumes "normal" year conditions (water production, water sales and water purchases) which are reflective of water production of approximately 4.6 billion gallons. Water production for the 2018 and 2017 has been below normal due to cool/wet conditions at levels of 4.3 and 4.4 billion gallons, respectively.
- Budgeted revenues are up \$.5 million or 2% versus 2018. The increase results from higher metered water revenues due to assumed "normal" conditions offset by lower levels of other income due to the one-time revenue items recorded in 2018 related to the Con Ed and infrastructure tax certiorari. No member rate increases have been included in the budget.
- As NYC has not increased its base water rate for four years, a 10% mid-year increase has been assumed in the budget. The rate increase in combination with the assumption of "normal" year conditions, increases the cost of water by \$1.4 million over 2018 to a total expense of \$11.0 million in the 2019 Budget.
- Excluding water purchases, budgeted operating expenses total \$14.3 million. The increase in spending reflected in the 2019 Budget of approximately \$1.5 million is mainly due to carryover items that resulted in an underspend relative to budget in 2018 (union contract settlement, various facility/equipment maintenance/upgrades and implementations of new computer systems).

### **Old Business**

The General Superintendent reviewed the status of various projects:

- Kenilworth Tank (Joint Capital Project) – Permitting completed, additional easements being finalized, foundation work to begin shortly;
- Flagler Drive (VOM Local Capital Project) – Work is substantially complete, pending easements and restoration;

- Seven Oaks Lane transite water main replacement in the Village of Mamaroneck – project completed and paving done;
- Systemwide hydrant flushing has been completed;
- Seasonal water services are in the process of being turned-on;
- Discussed need for fluoride system upgrade at Rye Lake facility, which has been budgeted.

### **Manager's Report**

- The Manager noted that both parts of the annual sanitary survey of WJWW's facilities and operations conducted by the Westchester County Department of Health have been completed with very favorable results.
- The Manager discussed the disinfection by-products, haloacetic acid 5 (HAA5), exceedance and the administrative order received from USEPA and correspondence received from the health department, noting that all compliance items cited are in the process of being addressed.

### **New Business**

The Business Director discussed the results of the 2019 Grounds Maintenance Bid noting that Perfection Plus submitted the low (sole) bid at \$10,080 which was unchanged from the annual fee charged for the past several years. Following review and discussion, Trustee Belmont made a motion to approve the bid submitted by Perfection Plus. Trustee Seligson seconded the motion, all in favor:

Trustee Seligson	"aye"
Trustee Belmont	"aye"
Trustee Murphy	Not Present

- The Manager reviewed the proposal submitted by H2M to modify the UV facility basis of design report to address comments from the NYCDEP (owner of property at Rye Lake upon which WJWW UV facility will be located) and to make a formal presentation to the NYCDEP. Following review and discussion, Trustee Belmont made a motion to approve the proposal for a fee in the amount of \$22,000. Trustee Seligson seconded the motion, all in favor:

Trustee Seligson	"aye"
Trustee Belmont	"aye"
Trustee Murphy	Not Present

- The Business Director discussed the need for local capital projects for each member for the replacement of non-functional/vulnerable water infrastructure in advance of planned paving by the member municipalities. The goal of these projects, as with past projects of the same nature, is to avoid digging-up newly paved roads for water infrastructure issues that could have been identified and corrected in advance. Based on the extent of road paving anticipated by the members, the following three local capital projects have been proposed at the following estimated amounts:

- Water Infrastructure Replacement Related to Planned Municipal Paving - TVOH (A-1355) - \$600,000
- Water Infrastructure Replacement Related to Planned Municipal Paving - TOM (A-1356) - \$350,000
- Water Infrastructure Replacement Related to Planned Municipal Paving - VOM (A-1357) - \$350,000

Following review and discussion, Trustee Seligson made a motion to approve local capital projects A-1355 (TVOH), A-1356 (TOM) and A-1357 (VOM) at the estimated amounts proposed. Trustee Belmont seconded the motion, all in favor:

Trustee Seligson	“aye”
Trustee Belmont	“aye”
Trustee Murphy	Not Present

- The Manager, Business Director and General Superintendent reviewed the need to develop a plan for replacing transite water mains within the WJWW system per the request of WCDOH. Since 2010, WJWW has replaced approximately 11,000 of 39,000 linear feet (28%) of transite water main within its system. WJWW management to develop a proposed plan for review by the Board.

### **Executive Session**

At 5:10 p.m., Trustee Seligson made a motion to go into Executive Session to discuss personnel issues related to particular persons and to discuss union negotiations. Trustee Belmont seconded the motion, all in favor:

Trustee Seligson	“aye”
Trustee Belmont	“aye”
Trustee Murphy	Not Present

At 5:14 p.m., Trustee Belmont made a motion to leave Executive Session and return to the Regular Board meeting. Trustee Seligson seconded the motion, all in favor:

Trustee Seligson	“aye”
Trustee Belmont	“aye”
Trustee Murphy	Not Present

### **Date of Next Meeting**

The next Board of Trustees meeting is scheduled for Tuesday, April 16, 2019 at 4:00 p.m.

With no further business to discuss, Trustee Belmont made a motion to adjourn the meeting. Trustee Seligson seconded the motion:

Trustee Seligson	“aye”
Trustee Belmont	“aye”
Trustee Murphy	Not Present

The meeting adjourned at 5:15 p.m.